



U.S. Department of Justice

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NEWS SUMMARY:

Steven M. Biskupic, United States Attorney for the Eastern District of Wisconsin, announced that Kenneth Hackbarth (DOB: 6/25/26), was sentenced in federal court to 120 months in federal prison by United States District Court Judge Rudolph T. Randa. Mr. Hackbarth was sentenced after pleading guilty in September, 2002 to an investment fraud scheme. Mr. Hackbarth also has to serve three years of supervised release following his incarceration, and ordered to pay a total of \$6,300,000.00 in restitution to 117 victims of his investment scheme.

Kenneth Hackbarth, who resides in Kenosha, sought out individuals to invest in his Homestead Investment Company. Mr. Hackbarth told investors that their money was going to be used to purchase, own, rehabilitate, and sell residential and commercial property. In fact, Mr. Hackbarth never purchased any real estate. Mr. Hackbarth further promised to pay 15% yearly interest on their investments. As a part of the scheme, Mr. Hackbarth mailed statements and interest payments to investors indicating that he had invested their money in real estate and that the Homestead Company had sufficient assets to repay their investments when he knew this was not true. Mr. Hackbarth concealed his pyramid scheme by using new investors' money to pay interest and return of principal to previous investors, without telling investors how he was actually using their money. As a result of his scheme, Mr. Hackbarth fraudulently received in excess of \$6,300,000 into Homestead Investment Company and converted a substantial portion of this money to his own use.

During the sentencing hearing three of the victims who had invested in Homestead Investment Company spoke. Each one mentioned the same theme, they had invested their money with Kenneth Hackbarth, a trusted friend, and now there was no way they would be able to recoup their financial losses.

The case was investigated by the Federal Bureau of Investigation and was prosecuted by Assistant United States Attorneys Erica N. O'Neil and Lisa T. Warwick.

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